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Code No. : 41016

VASAVI COLLEGE OF ENGINEERING (Autonomous), HYDERABAD
B.E. IV Year I-Semester Main Examinations, December-2017

Managerial Economics and Accountancy
(Common to Civil, EEE & Mech.)

Time: 3 hours

Max. Marks: 70

Note: Answer ALL questions in Part-A and any FIVE from Part-B

Part-A (10 × 2 = 20 Marks)

1. What do you understand by scarcity?
2. Explain the concept of profit.
3. Examine the law of demand.
4. What is demand forecasting?
5. Discuss production function.
6. Explain the economies of scale.
7. Analyze payback period.
8. What are discounted cash flows?
9. Define accounting.
10. Why do you prepare Trial Balance?

Part-B (5 × 10 = 50 Marks)

11. a) Relate managerial economics with other disciplines. [6]
b) Define Managerial Economics and explain its features. [4]
12. a) Compare the types of elasticity. [6]
b) Define demand and explain the assumptions and exceptions to law of demand. [4]
13. a) Explain the law of variable proportions. [5]
b) Draw a break-even chart and explain its components. [5]
14. a) Discuss the meaning and determinants of working capital. [4]
b) A firm whose cost of capital is 10% considering two mutually exclusive projects X and Y. The details of which are: [6]

Particulars	Project-X	Project-Y
Investment	50,000	50,000
Tax rate	50%	50%
Cash Inflows before taxes:		
Year-1	20,000	30,000
Year-2	22,000	27,000
Year-3	28,000	22,000
Year-4	25,000	25,000
Year-5	30,000	20,000

Which project should be accepted as per Profitability Index method and NPV?

- 15.a) Explain any five concepts of accounting. [5]
 b) Following is the revenue statement of a Limited Company for the year ending 31st December, 2016: [5]

Particulars	Rs.
Sales	6,00,000
Less: Cost of Goods Sold	<u>4,00,000</u>
Gross Profit	2,00,000
Less: Operating Expenses	<u>1,20,000</u>
Operating Profit	80,000
Add: Non-operating Income	<u>12,000</u>
	92,000
Less: Non-operating Expenses	<u>4,000</u>
Net Profit	88,000
Calculate: (i) Gross Profit Ratio; (ii) Operating Ratio; (iii) Operating Profit Ratio and (iv) Net Profit Ratio	

16. a) Distinguish between risk and uncertainty. [4]
 b) Explain the law of diminishing marginal utility. [6]
17. Answer any *two* of the following:
- a) Calculate break even point if sales are Rs.6 lakhs, variable cost Rs.2 lakhs and fixed cost Rs. 75000/-. [5]
 b) Compare NPV and IRR. [5]
 c) Interpret any five profitability ratios with suitable examples. [5]

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